



Puerto Rico Securities Arbitration Report: 2,177 Arbitration Filings, \$329 million in Settlements and Awards so far (updated October 10, 2017)

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Introduction

In 2013, a shrinking economy and the government’s loss of continued access to capital markets necessary to make interest payments, refinance principal coming due and to fund an unsustainable government deficit caused Puerto Rico tax exempt bond prices to fall substantially.

Puerto Rico brokerage firms’ customers held poorly diversified securities accounts, concentrated in Puerto Rico municipal bonds or closed end funds that held leveraged portfolios of Puerto Rico municipal bonds. Often these accounts were further leveraged using margin debt, lines of credit or proceeds from non-purpose loans recycled through third-party banks.

The decline in Puerto Rico municipal bond prices combined with widespread concentrated and leveraged brokerage accounts wiped out many Puerto Rican’s investment portfolios in the second half of 2013.

Arbitration filings against brokerage firms in Puerto Rico have increased dramatically since 2012. Despite having roughly 1% of the mainland population and 1/2 of 1% of the mainland economy, customer arbitration filings in Puerto Rico have been over 33% of the mainland filings in 2014 and 2015. See Figure 1.

UBS has paid \$302.6 million or 92% of the \$328.7 million in settlements and awards to date. That may change. Prior to December 31, 2016 only 10% of the new filings were against Santander. Since then 23% of the new filings have been against Santander.

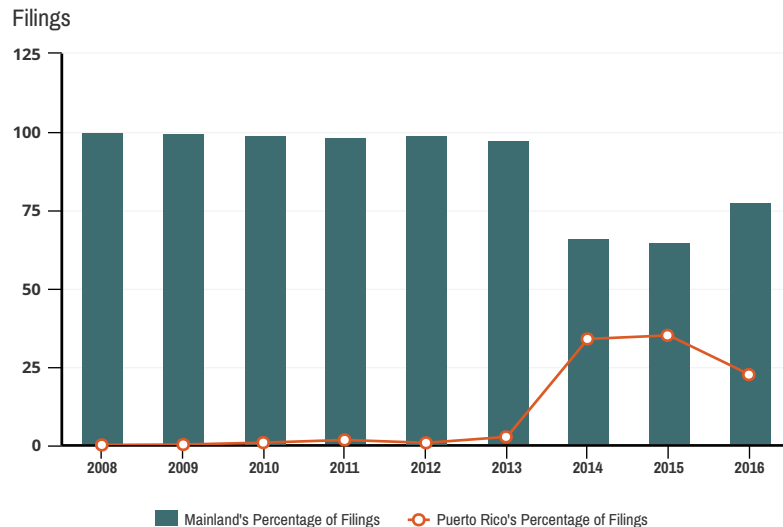


Figure 1: Arbitration Filings in Puerto Rico increased dramatically after 2012

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Table 1: Securities Arbitrations against UBS, Santander, Popular, Oriental, and Merrill Lynch in Puerto Rico

Securities Arbitrations in Puerto Rico Since 2013									
		Number					Monetary Results		
		Filed	Settled	Arbitrated		Withdrawn	Pending	Settlements	Awards
				Win	Loss				
2013	Q4	44					44		
	subtotal	44							
2014	Q1	132					176	\$232,232	
	Q2	200					376		
	Q3	187	1				562	\$206,102	
	Q4	193	4				751	\$400,118	
	subtotal	712	5					\$838,451	
2015	Q1	72	19	1	1		802	\$8,921,500	\$17,500
	Q2	95	29	2		1	865	\$8,733,886	\$1,200,000
	Q3	251	65	4	1		1,046	\$12,632,975	\$6,611,486
	Q4	185	85	3		3	1,140	\$18,623,770	\$2,304,099
	subtotal	603	198	10	2	4		\$48,912,131	\$10,133,085
2016	Q1	113	109	3	1	3	1,137	\$22,390,465	\$3,132,588
	Q2	128	110	1	2	7	1,145	\$17,556,703	\$395,197
	Q3	159	123	3		2	1,176	\$20,672,135	\$1,604,856
	Q4	89	145	4		1	1,115	\$27,233,662	\$20,570,976
	subtotal	489	487	11	3	13		\$87,852,964	\$25,703,617
2017	Q1	75	157	6		2	1,025	\$50,251,567	\$33,788,296
	Q2	137	133	2	1	1	1,025	\$35,722,118	\$866,678
	Q3	116	104			2	1,035	\$34,638,500	
	Q4	1					1036		
	subtotal	329	394	8	1	5		\$120,612,185	\$34,654,974
To Date		2,177	1,084	29	6	22	1,036	\$258,215,731	\$70,491,676

Arbitration Statistics

At least 1,848 arbitration cases have been filed against UBS Financial Services Inc. of Puerto Rico, Santander Securities LLC, Popular Securities LLC, Oriental Financial Services Corp. and Merrill Lynch, Pierce, Fenner & Smith Inc. between October 1, 2013 and December 31, 2016. At least 329 more arbitration complaints were filed in 2017. See Table 1 and Figure 2. ²

The number of new arbitration filings peaked in 2014 at 712 but at least 489 new arbitrations were filed in 2016. Settlements and arbitration awards naturally lag filings. 5 cases were settled in 2014, 198 cases were settled in 2015, 487 cases were settled in 2016 and 394

cases were settled in 2017 by October 10, 2017. With at least 1,036 cases still pending as of October 10, 2017 and new cases still being filed each quarter, it will be several more years before the Puerto Rico securities arbitrations associated with municipal bond losses in 2013 and thereafter are wound down.

Filings

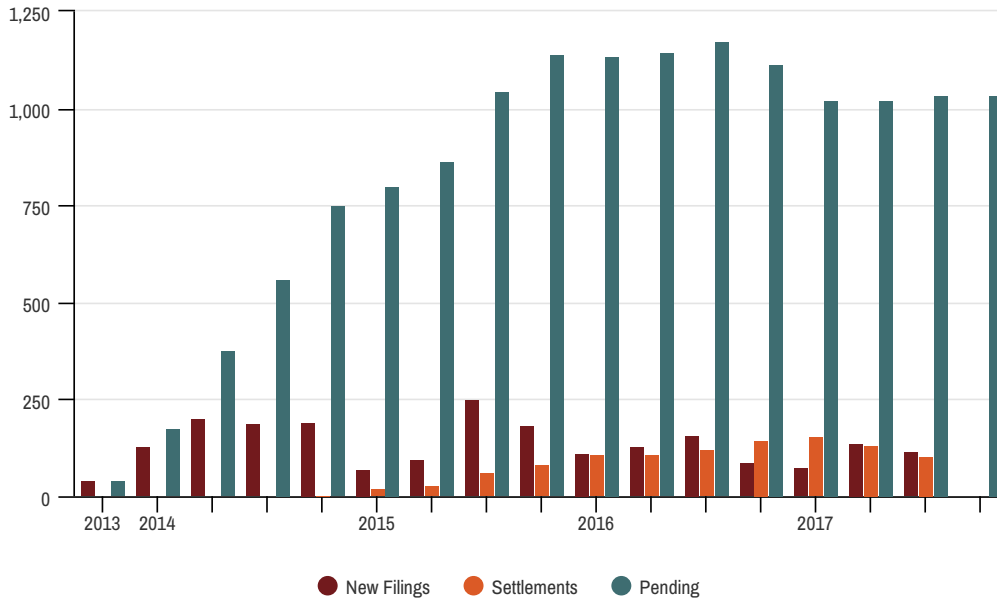
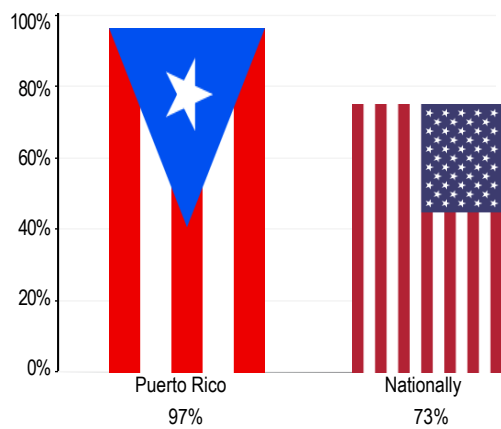


Figure 2: Filings Continue to Accumulate, Pending Complaints Level Off

a) Cases Settled vs Arbitrated



b) Arbitrated Cases Won by Customer

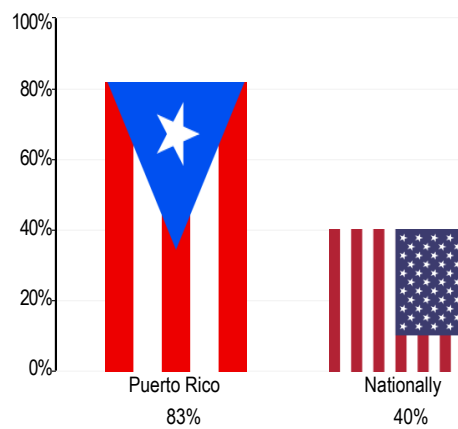


Figure 3: Cases Settled vs Arbitrated in Puerto Rico vs Nationally; Arbitrated Cases Won by Customer in Puerto Rico vs Nationally

1,084 cases have been settled for a total of \$258.2 million. 35 cases had gone to final arbitration hearings resulting in 29 customer awards totaling \$70.5 million as of October 10, 2017.

The 1,084 settled cases through October 10, 2017 are 96.9% of the Puerto Rico cases which were either settled or adjudicated. According to FINRA 72.6% of all cases which were either settled or adjudicated from 2014 to 2016 were settled. See Figure 3 a).

At 29-6, customers have so far won 82.9% of the final awards. In contrast, according to FINRA, customers won only 525 of 1,309 (40.1%) final awards during the 2014-2016 time period. The Claimants in Puerto Rico securities arbitrations going to a hearing have been more than twice as successful as the typical FINRA claimant. See Figure 3 b).

The much lower proportion of Puerto Rico cases which go to a hearing than mainland cases and the fact that customers are winning in Puerto Rico at twice the national average strongly suggests too many cases are settling in Puerto Rico rather than going to a hearing.

1,651 of the arbitration cases – 75.8% of the total reported by October 10, 2017 – have been filed against UBS Financial Services Inc. of Puerto Rico (“UBS PR”). UBS PR has settled or arbitrated 928 of its cases and 13 have been withdrawn so 710 remained reported as pending on October 10, 2017. See Table 2 and Figure 4.

In addition, 262 of the arbitration cases – 12.0% of the total reported by October 10, 2017 – have been filed against Santander Securities LLC (“Santander”).

Santander had settled or arbitrated 88 cases and 2 have been withdrawn so 172 remained reported as pending on October 10, 2017.

119 of the arbitration cases – 5.5% of the total reported by October 10, 2017 – have been filed against Popular Securities LLC (“Popular”). Popular had settled or arbitrated 41 cases and 4 were withdrawn so 74 remained reported as pending on October 10, 2017.

78 of the arbitration cases – 3.6% of the total reported by October 10, 2017

– have been filed against Merrill Lynch. Merrill Lynch had settled or arbitrated 36 cases and 2 were withdrawn so 40 remained reported as pending on October 10, 2017.

67 of the arbitration cases – 3.1% of the total reported by October 10, 2017 – have been filed against Oriental Financial Services Corp. (“Oriental”). Oriental had settled or arbitrated 26 cases and 1 has been withdrawn so 40 remained reported as pending on October 10, 2017.

Table 2: Securities Arbitrations Filed and Pending by Brokerage Firm

Securities Arbitrations in Puerto Rico													
		Total		UBS PR		Santander		Popular		Merrill Lynch		Oriental	
		Filed	Pending	Filed	Pending	Filed	Pending	Filed	Pending	Filed	Pending	Filed	Pending
2013	Q4	44	44	37	37	2	2	1	1	3	3	1	1
subtotal		44		37		2		1		3		1	
2014	Q1	132	176	118	155	6	8	1	2	5	8	2	3
	Q2	200	376	168	323	13	21	11	13	4	12	4	7
	Q3	187	562	134	456	24	45	12	25	11	23	6	13
	Q4	193	751	162	616	11	54	11	36	5	28	4	17
subtotal		712		582		54		35		25		16	
2015	Q1	72	802	55	654	7	59	7	43	2	30	1	16
	Q2	95	865	82	710	4	59	1	44	3	32	5	20
	Q3	251	1,046	219	873	15	70	6	45	8	37	3	21
	Q4	185	1,140	147	951	16	77	11	51	6	35	5	26
subtotal		603		503		42		25		19		14	
2016	Q1	113	1,137	83	942	16	79	8	56	2	32	4	28
	Q2	128	1,145	91	929	23	97	7	59	7	34	0	26
	Q3	159	1,176	104	930	33	119	9	60	6	38	7	29
	Q4	89	1,115	60	856	16	129	4	60	2	36	7	34
subtotal		489		338		88		28		17		18	
2017	Q1	75	1,025	54	773	13	129	3	56	2	33	3	34
	Q2	137	1,025	82	745	33	148	12	61	6	38	4	33
	Q3	116	1,035	55	710	29	171	15	74	6	40	11	40
	Q4	1	1036		710	1	172		74		40		40
subtotal		329		191		76		30		14		18	
To Date		2,177	1,036	1,651	710	262	172	119	74	78	40	67	40

Filings

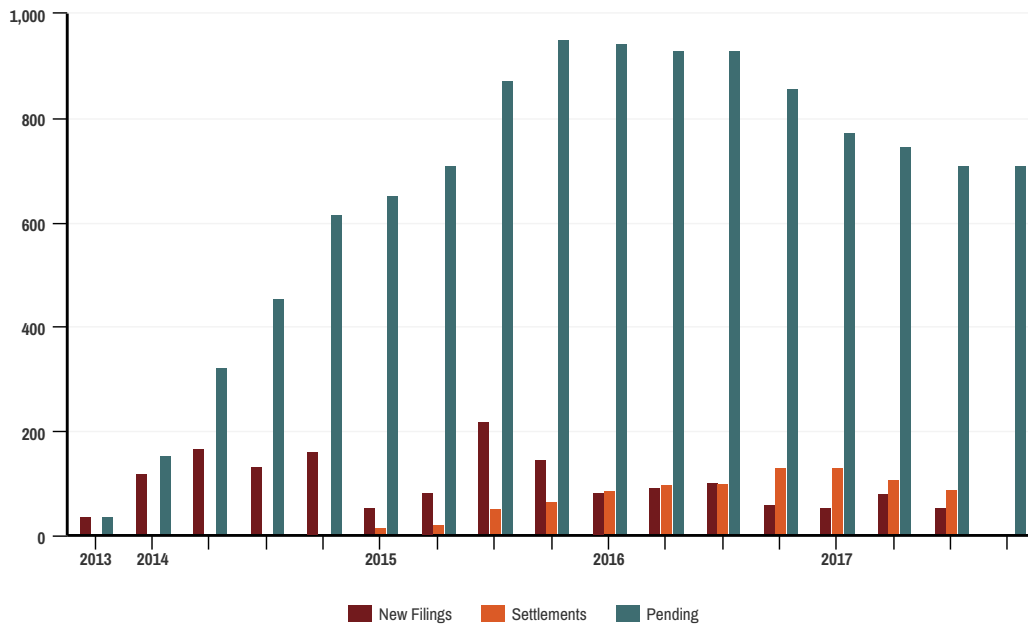


Figure 4: Vast Majority of Filings Against UBS of Puerto Rico

Pending Cases

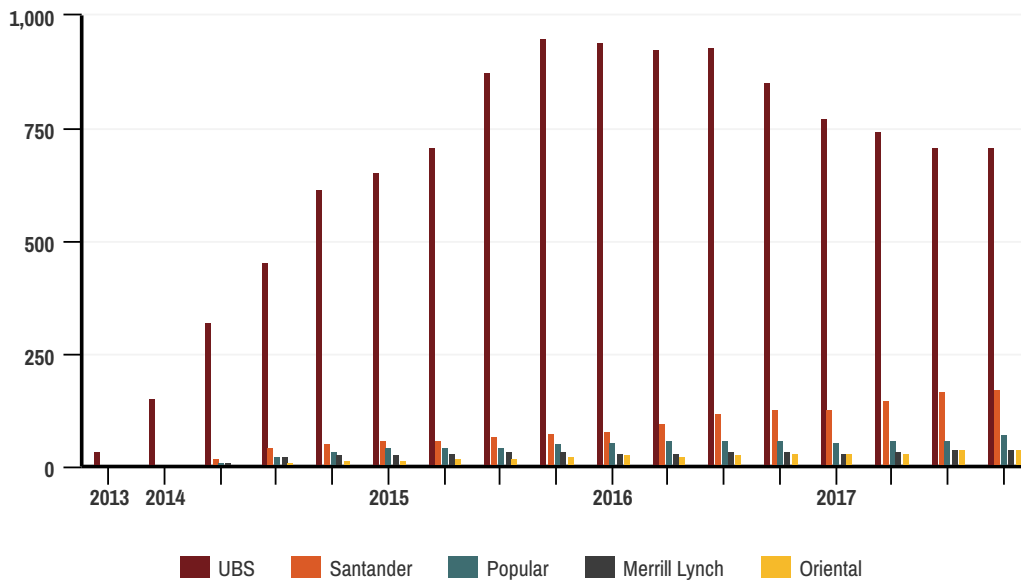


Figure 5: More than 700 Pending Cases Remain Against UBS of Puerto Rico

Methodology and Data

We identify arbitration filings and settlements by examining the BrokerCheck reports of brokers registered with UBS PR, Santander, Popular, Oriental and Merrill Lynch at any time between 2005 and 2013. We assign arbitration filings found on the brokers' BrokerCheck reports according to a field which identifies the employing firm where the complained of conduct occurred. For example, if a current Santander broker has an arbitration filing listed on her BrokerCheck report that specifies UBS PR as the firm where the conduct occurred we assign that filing to UBS PR not Santander.

We found 3,068 arbitrations filed after September 30, 2013 on 320 individual brokers' BrokerCheck reports. After eliminating duplicates, 2,177 unique arbitrations were reported on at least one broker's BrokerCheck report as having been filed against the five Puerto Rico brokerage firms between October 1, 2013 and October 10, 2017.

Since brokerage firms associate most but not all arbitration filings with one or more individual brokers and only arbitrations resulting in a customer award at final hearing are reflected on brokerage firms' BrokerCheck reports, our results may underestimate the actual number of cases filed, settled or still pending.

In addition, brokerage firms appear to have considerable discretion when reporting dollar values of individual settlements and awards. For instance, we observe settlements and awards where Claimants receive large cash payments and are absolved of debit balances created as a result of investment losses complained about and which Respondents seek to collect. Claimants' counsel is typically compensated for debit balances zeroed out and logically these nullified debit balances should be included in the disclosed monetary compensation paid but are not.

FINRA and the brokerage firms have information which would reflect additional filings and settlements and higher dollar figures than we can estimate from individual brokers' BrokerCheck reports. The industry could disclose precisely how many cases have been filed against a firm in Puerto Rico and how much has been paid to settle the cases but does not disclose this information.

We develop our lower bound estimate of the number of cases filed, settled or pending by building up from cases identified on brokers' BrokerCheck reports because brokerage firms' BrokerCheck reports are uninformative. For example, UBS PR's BrokerCheck report (available at https://files.brokercheck.finra.org/firm/firm_13042.pdf) includes only 26 cases filed since October 1, 2013 even though at least 1,651 arbitrations have been filed against UBS PR since that date. These 26 cases are only the cases which have gone to a final hearing and which UBS PR reported having lost by October 10, 2017. FINRA does not report the remaining 1,625 arbitrations filed against UBS PR on UBS PR's BrokerCheck report.

Brokers are not named in the vast majority of arbitrations filings; in most cases customers sue only their brokerage firm - UBS PR, Santander, Popular, Oriental and Merrill Lynch in the case of recent Puerto Rico securities arbitrations. Brokers rarely make any contribution to the payments. Brokers contributed to only 0.28% (3 of 1,084) of the settlements identified in Table 1, and only 0.04% (\$97,178) of the \$258.2 million in settlements.

Despite not being named in the arbitrations and not contributing to the settlements, the 1,084 settled cases filed since October 1, 2013 are reported on the brokers' BrokerCheck reports but missing from the BrokerCheck reports of the brokerage firms actually being sued - UBS PR, Santander, Popular, Oriental and Merrill Lynch.

FINRA applies the same perverse logic to pending cases. The 1,036 pending cases we identified are all listed on at least one individual broker's BrokerCheck report yet all are missing from the BrokerCheck reports of UBS PR, Santander, Popular, Oriental and Merrill Lynch.

In sum, there have been at least 2,177 arbitrations filed against UBS PR, Santander, Popular, Oriental and Merrill Lynch in Puerto Rico but only 29 show up on these five firms' BrokerCheck reports despite the lawsuits being virtually all filed only against the brokerage firms; all but 6 cases where the customer lost at a final hearing on the other hand are on the individual brokers' BrokerCheck reports despite the fact the brokers were not sued and were not contributing to the settlements.

UBS Financial Services, Inc. of Puerto Rico

UBS Financial Services Inc. of Puerto Rico is a FINRA-registered brokerage firm based in Hato Rey, PR. It was formed in April 1978, has been registered with SEC since November 1982, registered with FINRA since March 1983, and registered with the Office of the Commissioner of Financial Institutions (“OCFI”) since September 1984.³ At the end of 2013 UBS PR employed 231 FINRA-registered brokers working out of offices in San Juan, Guaynabo, Ponce, and Mayaguez.⁴ The firm’s customer assets under control was \$16.4 billion and \$11.6 billion as of December 31, 2012 and December 31, 2013, respectively.⁵

UBS PR’s parent company, UBS Financial Services Inc., currently has 14,489 employees. 12,553 of these employees are registered representatives of a broker-dealer and 10,423 perform investment advisory functions. UBS Financial Services Inc. has \$358.3 billion in regulatory assets under management in 860,383 discretionary or non-discretionary customer accounts.

There are 387 brokers registered with UBS PR at some point in time between 2005 and 2013. 184 of these brokers have at least one customer complaint against UBS PR on their BrokerCheck reports filed on or after October 1,

2013.⁶ The total number of customer complaints against UBS PR reported on these brokers’ BrokerCheck reports is 2,377. Removing duplicates, we find that there are 1,651 customer-related arbitrations reported on individual brokers’ BrokerCheck reports as filed against UBS PR between October 1, 2013 and October 10, 2017.

UBS PR has paid at least \$233.3 million settling 899 filings as of October 10, 2017. 29 have gone to a final hearing and at least 710 are still pending with many more being filed each quarter. See Table 3.

Arbitrations Against UBS Financial Services, Inc. of Puerto Rico									
		Number					Monetary Results		
		Filed	Settled	Arbitrated		Withdrawn	Pending	Settlements	Awards
				Win	Loss				
2013	Q1	37					37		
	subtotal	37							
2014	Q1	118					155		
	Q2	168					323		
	Q3	134	1				456	\$165,050	
	Q4	162	2				616	\$132,000	
	subtotal	582	3					\$297,050	
2015	Q1	55	17				654	\$8,738,500	
	Q2	82	23	2		1	710	\$7,406,782	\$1,200,000
	Q3	219	51	4	1		873	\$9,991,025	\$6,611,486
	Q4	147	64	3		2	951	\$16,172,239	\$2,304,099
	subtotal	503	155	9	1	3		\$42,308,546	\$10,115,585
2016	Q1	83	87	3	1	1	942	\$19,516,215	\$3,132,588
	Q2	91	97	1	1	5	929	\$16,268,703	\$395,197
	Q3	104	99	2		2	930	\$18,549,635	\$1,250,000
	Q4	60	130	4			856	\$24,652,112	\$20,570,976
	subtotal	338	413	10	2	8		\$78,986,664	\$25,348,761
2017	Q1	54	131	5		1	773	\$43,795,586	\$32,980,296
	Q2	82	108	2			745	\$31,067,055	\$866,678
	Q3	55	89			1	710	\$26,850,000	
	Q4						710		
	subtotal	191	328	7		2		\$101,712,641	\$33,846,974
To Date		1,651	899	26	3	13	710	\$233,304,901	\$69,311,320

Table 3: Securities Arbitrations filed against UBS

Santander Securities LLC

Santander Securities LLC is a brokerage and investment advisor firm formed in Puerto Rico in November 2011 headquartered in Dorchester, Massachusetts.⁷ It has been registered with SEC, FINRA, and the OCFI since December 1996.⁸ At the end of 2013 Santander had 85 FINRA-registered brokers in offices in San Juan, Guaynabo, Mayaguez, Bayamon, and Carolina.⁹ Customer assets under the firm's control was \$5.65 billion at the end of 2012 and \$4.52 billion at the end of 2013.¹⁰

Santander has been registered with SEC since September 1999 as an investment advisor firm.¹¹ The firm currently has

844 employees. 217 of these employees perform investment advisory functions and 715 are registered representatives of a broker-dealer. Santander has \$556.14 billion in regulatory assets under management in 3,432 customer accounts, all non-discretionary.

There are 225 brokers who were registered with Santander Securities LLC at some time between 2005 and 2013 and had an office in Puerto Rico. 54 of these brokers have at least one customer complaint against Santander on their BrokerCheck reports filed on or after October 1, 2013. The total number of customer complaints against Santander

reported on these brokers' BrokerCheck reports is 350. Eliminating duplicates, we find that there are 262 customer-related arbitrations reported on individual brokers' BrokerCheck reports as filed against Santander Securities LLC between October 1, 2013 and October 10, 2017.

Santander has paid \$24.6 million settling 86 of them as of October 10, 2017. 2 have gone to a final hearing and 172 are still pending with many more being filed each quarter.

Table 4: Securities Arbitrations filed against Santander Securities

Arbitrations Against Santander Securities LLC									
		Number					Monetary Results		
		Filed	Settled	Arbitrated		Withdrawn	Pending	Settlements	Awards
				Win	Loss				
2013	Q4	2					2		
	subtotal	2							
2014	Q1	6					8		
	Q2	13					21		
	Q3	24					45		
	Q4	11	2				54	\$211,000	
	subtotal	54	2					\$211,000	
2015	Q1	7	1	1			59	\$120,000	\$17,500
	Q2	4	4				59	\$1,029,103	
	Q3	15	4				70	\$465,000	
	Q4	16	9				77	\$1,190,000	
	subtotal	42	18	1				\$2,804,103	\$17,500
2016	Q1	16	14				79	\$2,483,750	
	Q2	23	3		1	1	97	\$407,500	
	Q3	33	11				119	\$1,421,500	
	Q4	16	6				129	\$1,725,000	
	subtotal	88	34		1	1		\$6,037,750	
2017	Q1	13	13				129	\$5,039,000	
	Q2	33	13			1	148	\$3,392,063	
	Q3	29	6				171	\$7,166,000	
	Q4	1					172		
	subtotal	76	32			1		\$15,597,063	
To Date		262	86	1	1	2	172	\$24,649,916	\$17,500

Popular Securities, LLC

Popular Securities LLC is a brokerage and investment advisor firm based in San Juan, Puerto Rico and was formed in Puerto Rico in January 2014. The firm has been registered with SEC since November 1979, with FINRA since February 1980, and with the state regulator in Puerto Rico since September 1984.¹² At the end of 2013 Popular had 119 FINRA-registered brokers in offices in San Juan, Mayaguez, Arecibo, and Ponce.¹³ The firm's customer asset under control was \$4.63 billion at the end of 2012 and \$4.05 billion at the end of 2013.¹⁴

Popular has been registered with SEC since September 2000 as an investment advisor firm.¹⁵ The firm currently has

127 employees. 50 of these employees perform investment advisory functions and 127 are registered representatives of a broker-dealer. Popular has \$824,400,000 regulatory assets under management in 1,713 non-discretionary customer accounts. The firm has five Puerto Rico branch offices in the cities of San Juan, Mayaguez, Ponce, and Santurce.¹⁶

There are 235 brokers who were registered with Popular at some time between 2005 and 2013 and had an office in Puerto Rico. 52 of these brokers have at least one customer complaint against Popular on their BrokerCheck

reports filed on or after October 1, 2013. The total number of customer complaints against Popular reported on these brokers' BrokerCheck reports is 172. Eliminating duplicates, we find that there are 106 customer-related arbitrations reported on individual brokers' BrokerCheck reports as filed against Popular between October 1, 2013 and August 11, 2017.

Popular has paid \$3.0 million settling 40 of the customer complaints as of August 11, 2017. 1 has gone to a final hearing and 74 are still pending.

Arbitrations Against Popular Securities LLC

		Number					Monetary Results		
		Filed	Settled	Arbitrated		Withdrawn	Pending	Settlements	Awards
				Win	Loss				
2013	Q4	1					1		
subtotal		1							
2014	Q1	1					2		
	Q2	11					13		
	Q3	12					25	\$41,052	
	Q4	11					36	\$57,118	
subtotal		35						\$98,170	
2015	Q1	7					43		
	Q2	1					44		
	Q3	6	5				45	\$239,450	
	Q4	11	4		1	51	\$302,500		
subtotal		25	9		1			\$541,950	
2016	Q1	8	2		1	56	\$62,500		
	Q2	7	4			59	\$374,000		
	Q3	9	7	1		60	\$498,000	\$354,856	
	Q4	4	3		1	60	\$205,000		
subtotal		28	16	1	2		\$1,139,500	\$354,856	
2017	Q1	3	7			56	\$479,481		
	Q2	12	7			61	\$668,000		
	Q3	15	1		1	74	\$215,000		
	Q4					74			
subtotal		30	15		1		\$1,362,481		
To Date		119	40	1	4	74	\$3,142,101	\$354,856	

Table 5: Securities Arbitrations files against Popular Securities

Merrill Lynch, Pierce, Fenner & Smith Inc. (“Merrill Lynch”)

Merrill Lynch is a brokerage and investment advisor firm based in New York, New York and was formed in Delaware in November 1958. The firm has been registered with SEC since March 1959, with FINRA since January 1937, and with the state regulator in Puerto Rico since September 1984.¹⁷ As of the end of 2013 Merrill Lynch had 52 FINRA-registered brokers in offices in Guaynabo.¹⁸ The customer asset under the firm’s control was \$4,169,217,270 at the end of 2012 and \$3,900,450,957 at the end of 2013.¹⁹

Merrill Lynch has been registered with SEC since December 1978 as an investment advisor firm.²⁰ The firm currently

has 39,631 employees. 25,760 of these employees perform investment advisory functions and 33,070 are registered representatives of a broker-dealer. Merrill Lynch has \$575,341,577,965 regulatory assets under management in 1,715,259 customer accounts, either discretionary or non-discretionary.²¹ Merrill Lynch has one Puerto Rico branch offices in the city of Guaynabo according to the firm’s website.²²

There are 69 brokers who were registered with Merrill Lynch at some time between 2005 and 2013 and had an office in Puerto Rico. 28 of these brokers have at least one customer complaint against Merrill Lynch on their Broker-

Check reports filed on or after October 1, 2013. The total number of customer complaints against Merrill Lynch reported on these brokers’ BrokerCheck reports is 94. Eliminating duplicates, we find that there are 78 customer-related arbitrations reported on individual brokers’ BrokerCheck reports as against Merrill Lynch filed between October 1, 2013 and October 10, 2017.

Merrill Lynch has paid \$5.6 million settling 36 of them as of October 10, 2017. None has gone to a final hearing, 2 were withdrawn and 40 were still pending as of October 10, 2017.

Table 6: Securities Arbitrations filed against Merrill Lynch

Arbitrations Against Merrill Lynch								
		Number					Monetary Results	
		Filed	Settled	Arbitrated		Withdrawn	Pending	Settlements
				Win	Loss			
2013	Q4	3					3	
subtotal		3						
2014	Q1	5					8	\$232,232
	Q2	4					12	
	Q3	11					23	
	Q4	5					28	
subtotal		25						\$232,232
2015	Q1	2					30	
	Q2	3	1				32	\$298,000
	Q3	8	3				37	\$1,880,000
	Q4	6	8				35	\$948,497
subtotal		19	12					\$3,126,497
2016	Q1	2	4			1	32	\$172,500
	Q2	7	4			1	34	\$259,000
	Q3	6	2				38	\$95,000
	Q4	2	4				36	\$591,550
subtotal		17	14			2		\$1,118,050
2017	Q1	2	5				33	\$902,500
	Q2	6	1				38	\$40,000
	Q3	6	4				40	\$180,000
	Q4						40	
subtotal		14	10					\$1,122,500
To Date		78	36	0	0	2	40	\$5,599,279

Oriental Financial Services Corp

Oriental Financial Services Corp. is a brokerage and investment advisor firm based in San Juan, Puerto Rico and was formed in Puerto Rico in December 1991. The firm has been registered with SEC since August 1992, with FINRA and the state regulator in Puerto Rico since January 1993.²³ At the end of 2013 Oriental had 55 FINRA-registered brokers in offices in San Juan, Guaynabo, Ponce, Mayaguez, and Humacao.²⁴ Customer assets under the firm's control was \$2,135,842,000 at the end of 2012 and \$2,381,054,000 at the end of 2013.²⁵

Oriental has been registered with SEC since April 2015 as an investment

advisor firm.²⁶ The firm currently has 47 employees. All these employees perform investment advisory functions and are registered representatives of a broker-dealer. Oriental has \$119,240,240 regulatory assets under management in 496 non-discretionary customer accounts. The firm has eleven Puerto Rico branch offices in the cities of Guaynabo, San Juan, Mayaguez, Ponce, Humacao, and Yauco.²⁷

There are 132 brokers who were registered with Oriental at some time between 2005 and 2013 and had an office in Puerto Rico. 28 of these brokers have at least one customer complaint against Oriental on their BrokerCheck

reports filed on or after October 1, 2013. The total number of customer complaints against Oriental reported on these brokers' BrokerCheck reports is 81. Eliminating duplicates, we find that there are 67 customer-related arbitrations reported on individual brokers' BrokerCheck reports as against Oriental filed between October 1, 2013 and October 10, 2017.

Oriental has paid \$1.5 million settling 23 of the customer complaints as of October 10, 2017. Three have gone to a final hearing and 40 are still pending.

Arbitrations Against Oriental Financial Services Corp.									
		Number					Monetary Results		
		Filed	Settled	Arbitrated		Withdrawn	Pending	Settlements	Awards
				Win	Loss				
2013	Q4	1					1		
subtotal		1							
2014	Q1	2					3		
	Q2	4					7		
	Q3	6					13		
	Q4	4					17		
subtotal		16							
2015	Q1	1	1		1		16	\$63,000	
	Q2	5	1				20		
	Q3	3	2				21	\$57,500	
	Q4	5	0				26	\$10,534	
subtotal		14	4		1			\$131,034	
2016	Q1	4	2				28	\$155,500	
	Q2	0	2				26	\$247,500	
	Q3	7	4				29	\$108,000	
	Q4	7	2				34	\$60,000	
subtotal		18	10					\$571,000	
2017	Q1	3	1	1		1	34	\$35,000	\$808,000
	Q2	4	4		1		33	\$555,000	
	Q3	11	4				40	\$277,500	
	Q4						40		
subtotal		18	9	1	1	1		\$817,500	\$808,000
To Date		67	23	1	2	1	40	\$1,519,534	\$808,000

Table 7: Securities Arbitrations filed against Oriental Financial Services

Endnotes

1. © Securities Litigation and Consulting Group, Inc, 2017. The primary authors of this report are Craig McCann, Chuan Qin and Mike Yan.
2. The numbers reported in the text and tables are based on BrokerCheck reports downloaded on October 10, 2017.
3. UBS of Puerto Rico's BrokerCheck report is available at http://files.brokercheck.finra.org/firm/firm_13042.pdf
4. Based on BrokerCheck reports as of December 31, 2013.
5. See http://www.ocif.gobierno.pr/documents/Q2-2013/total_customer_asset_under_control.pdf at the Office of the Commissioner of Financial Institutions of Puerto Rico:
6. A customer complaint is a "Customer Dispute" event with status "Settled", "Pending", or "Award/Judgment" as disclosed on a broker's BrokerCheck report.
7. Santander moved its home office location from San Juan, PR to Dorchester, MA in July 2016.
8. Santander's BrokerCheck report is available at https://files.brokercheck.finra.org/firm/firm_41791.pdf.
9. Based on BrokerCheck reports as of December 31, 2013.
10. See http://www.ocif.gobierno.pr/documents/Q2-2013/total_customer_asset_under_control.pdf.
11. See https://www.adviserinfo.sec.gov/IAPD/IAPDFirmSummary.aspx?ORG_PK=41791.
12. See FINRA's BrokerCheck report for Popular here http://files.brokercheck.finra.org/firm/firm_8096.pdf
13. Based on BrokerCheck reports as of December 31, 2013.
14. See http://www.ocif.gobierno.pr/documents/Q2-2013/total_customer_asset_under_control.pdf.
15. See https://www.adviserinfo.sec.gov/IAPD/IAPDFirmSummary.aspx?ORG_PK=8096.
16. See the Form ADV of Popular, last updated on September 30, 2016.
17. See FINRA's BrokerCheck report for Merrill Lynch.
18. Based on BrokerCheck reports as of December 31, 2013.
19. See http://www.ocif.gobierno.pr/documents/Q2-2013/total_customer_asset_under_control.pdf.
20. See https://www.adviserinfo.sec.gov/IAPD/IAPDFirmSummary.aspx?ORG_PK=7691.
21. See the Form ADV of Merrill Lynch, last updated on January 9, 2017. It is not clear whether the firm has branch office in Puerto Rico from the Form ADV.
22. See <https://www.ml.com/mlwm/pages/BranchByState.aspx?stateid=PR&statename=PUERTO%20RICO>.
23. Oriental's BrokerCheck report is available here https://files.brokercheck.finra.org/firm/firm_29753.pdf
24. Based on BrokerCheck reports as of December 31, 2013.
25. See http://www.ocif.gobierno.pr/documents/Q2-2013/total_customer_asset_under_control.pdf.
26. See https://www.adviserinfo.sec.gov/IAPD/IAPDFirmSummary.aspx?ORG_PK=29753.
27. See the Form ADV of Oriental, last updated on March 30, 2016.